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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

JUL 12 2010

KRISTIN K. MAYES - Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF
THE ARIZONA ELECTRIC POWER
COOPERATIVE, INC. FOR A HEARING TO
DETERMINE THE FAIR VALUE OF ITS
PROPERTY FOR RATEMAKING PURPOSES, TO
FIX A JUST AND REASONABLE RETURN
THEREON AND TO APPROVE RATES
DESIGNED TO DEVELOP SUCH RETURN.

DOCKET NO. E-01773A-09-0472

DECISION NO. 71777

ORDER

Open Meeting
June 29 and 30, 2010
Phoenix, Arizona

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. In Decision No. 68071 (August 17, 2005), as part of Arizona Electric Power
Cooperative, Inc.'s ("AEPCO" or "Cooperative") last rate case, the Commission authorized a Fuel
and Purchased Power Cost Adjustor ("FPPCA").

2. On August 31, 2005, pursuant to Decision No. 68071, AEPCO filed an amended tariff
which incorporated the Commission-approved FPPCA and which became effective on September 1,
2005.

3. Under the terms of Decision No. 68071, AEPCO's FPPCA will expire on August 31,
2010 "unless extended by the Commission."¹

4. On October 1, 2009, AEPCO filed with the Commission an application for a rate

¹ Decision No. 68071 at ¶36.

1 increase.

2 5. Intervention has been granted in this matter to Mohave Electric Cooperative, Inc.
3 ("MEC"), Trico Electric Cooperative, Inc. ("Trico"), and to Sulphur Springs Valley Electric
4 Cooperative, Inc. ("SSVEC").

5 6. By Procedural Order dated November 23, 2009, the hearing on AEPCO's current rate
6 application was originally set to commence on August 17, 2010.

7 7. On March 29, 2010, AEPCO filed a request for Procedural Conference to discuss
8 revisions to AEPCO's rate filing and a revised procedural schedule, and also a Motion to Continue Its
9 Fuel and Purchased Power Cost Adjustor until Commission Rate Decision.

10 8. A Procedural Conference convened on April 14, 2010, to discuss the proposed
11 modification to the hearing schedule and AEPCO's request to continue its FPPCA. AEPCO, MEC,
12 Trico, SSVEC and the Commission's Utilities Division ("Staff") were represented by counsel at the
13 April 14, 2010, Procedural Conference. AEPCO reported that it and the intervenors had reached
14 agreement on many of the issues in the rate case, and that AEPCO would be filing revisions to its
15 application. All parties, including Staff, agreed to the newly proposed hearing schedule and that
16 AEPCO's FPPCA should be continued pending a Decision in the rate case.

17 9. On April 20, 2010, AEPCO filed an Amended Application.

18 10. By Procedural Order dated May 3, 2010, a new hearing schedule was established and
19 the hearing set to commence on October 25, 2010.

20 11. AEPCO states that the primary purpose of the FPPCA is to address purchased power
21 and fuel cost volatility between full rate proceedings, and that in approving the current adjustor, the
22 Commission acknowledged the twin benefits of allowing timely recovery of increases in costs, as
23 well as the timely refund of any decreases.²

24 12. In the currently pending rate case, AEPCO has requested that its FPPCA be continued,
25 with some modification to address cost allocation issues between AEPCO's all-requirements and
26 partial-requirements members.

27
28 ² Decision No. 68071 at ¶36.

13. AEPCO requests that the Commission extend the Cooperative's existing FPPCA pending a Decision on the proposed modifications and other issues in the pending rate case.

14. Continuing the FPPCA until the Commission has an opportunity to consider the matter in the pending rate case is in the public interest. The FPPCA appears to be working as intended and having the FPPCA expire on August 31, 2010, before the Commission can examine the issues during the rate proceeding would be disruptive and detrimental to the collection and return of actual fuel costs. No party in this docket opposes the continuation of the FPPCA, nor will any party be prejudiced by the extension.

CONCLUSIONS OF LAW

1. AEPCO is a public service corporation pursuant to Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

2. The Commission has jurisdiction over AEPCO and the subject matter of the request.

3. Notice of the proceeding was provided in conformance with law.

4. It is in the public interest to continue AEPCO's FPPCA pending the Commission final Decision in the pending rate case.

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ORDER

IT IS THEREFORE ORDERED that Arizona Electric Cooperative, Inc.'s Fuel and Purchased Power Adjustment Clause approved in Decision No. 68071 shall continue in full force and effect until further Commission Order.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

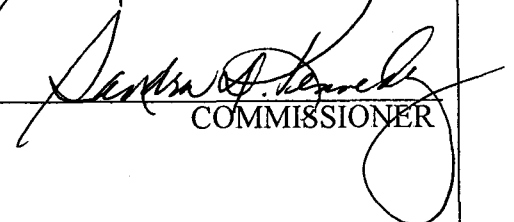
BY ORDER OF THE ARIZONA CORPORATION COMMISSION.


CHAIRMAN


COMMISSIONER


COMMISSIONER


COMMISSIONER


COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 12th day of July, 2010.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

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